

Industry Circular



Internal Revenue Service
Alcohol, Tobacco, and Firearms Division
Washington, D.C. 20224

Industry Circular No. 69-29

December 26 1969

AMENDMENT OF 26 CFR PARTS 194 AND 201

Proprietors of distilled spirits plants,
wholesale liquor dealers, and
others concerned:

Purpose. This circular is issued to inform you of the provisions of Treasury Decision 7018, published in the Federal Register of December 5, 1969, which amends 26 CFR Part 194, Liquor Dealers, and 26 CFR Part 201, Distilled Spirits Plants. The Treasury decision, which will become effective March 1, 1970, makes a number of changes in the regulations, the more significant of which are described below, except that the changes in format and in the requirements for overprinting blue export strip stamps are discussed in Industry Circular No. 69-28.

Explanation of changes.

Movement of "in-bond" distilled spirits. Existing regulations recognized that in many instances the areas constituting the premises of a distilled spirits plant are separated by public thoroughfares and permit proprietors to use such public thoroughfares when it is necessary to move "in-bond" spirits from one part of their plant premises to another part. As it has been brought to our attention that, in some instances, the roadway separating plant premises is a private roadway, provision is being made to allow the use of private roadways for the "in-bond" movement of spirits from one part of a plant to another part, provided the owner, or lessee, of the roadway gives a written agreement permitting Government officers access to such roadway to perform their necessary duties.

Determining and recording alcohol content of distilling material.

Proprietors are relieved of the requirement for determining and recording the alcohol content of distilling material produced on their premises but will continue to determine and record the alcohol content of all distilling material received on the premises. However, in the case of nonliquid distilling material, such as pomace received from a bonded wine cellar, the quantity to be recorded may be determined by weight, or where it is impractical to weigh or measure the material, the weight or volume may be estimated, and, in lieu of recording alcohol content, the quantity and proof of the unfinished spirits produced must be determined and recorded before there is any further processing or mingling of such spirits.

Production gauge. Where spirits are to be drawn from the production system into portable containers, the production gauge may be made on the basis of volumetric measurement in a calibrated tank with the average content of each container determined therefrom. Such procedure is subject to approval by the Assistant Regional Commissioner. Where the original (production) gauge is made in this manner, the spirits may not be withdrawn from bond free of tax or without payment of tax on the production gauge. There is no change in existing requirements where tax is to be determined on the production gauge.

Records covering withdrawals. It will no longer be necessary to note the record of deposit and to withdraw it from the active file of deposit forms at the time spirits of 190 degrees or more of proof are withdrawn from storage tanks. Instead, all deposit forms for such spirits in excess of those required to cover the "balance in warehouse" (as shown by the summary account, Form 1621) will be removed from the active file semiannually. Removal of such deposit forms will be on a "first-in-warehouse" basis.

Transfer in bond of spirits in packages and cases. The regulations have been amended and Form 236, Transfer of Spirits or Denatured Spirits in Bond, is being revised so that packages and cases of spirits produced by two or more producers may be transferred in one conveyance. The consignee proprietor will file Forms 236 in chronological order by date of deposit in the warehouse. Accompanying Forms 1620, Filled Case Report, or 2630, Package Gauge Report, will be detached and will continue to be filed by name of producer.

Removal of chemical byproducts from production facilities. Assistant Regional Commissioners have been authorized to grant continuing authority to a proprietor to remove chemical byproducts from production facilities under the conditions specified in the regulations.

Definition of exportation. The regulations have been amended to implement a statutory change whereby the meaning of the terms "export," "exported," and "exportation" is extended to include shipments to a possession of the United States.

Premixing of denaturants. The provisions of Revenue Ruling 60-222, C.B. 1960-1, 731, are amplified and incorporated in Part 201 to permit the premixing with alcohol of denaturants which are not readily soluble in alcohol at usual working temperatures. Under the amended regulations it will also be permissible to premix denaturants which are either highly volatile or which become solid at usual working temperatures.

Additional overprinting of strip stamps and partial obscuring of stamps by labels or State stamps. The amended regulations authorize the Director, Alcohol, Tobacco and Firearms Division, to approve requests to overprint strip stamps with the class and type of product, or with an appropriate abbreviation, and requests to partially obscure strip stamps by labels or State stamps.

Marking containers. In the interest of conserving space when placing required marks on containers, acceptable abbreviations of certain marks have been furnished. Also, all instructions relating to required marks have been consolidated in Subpart P of Part 201.

Verification of quantity of strip stamps received. When strip stamps are received from a District Director, the proprietor, instead of delivering the stamps and the corresponding Requisition for Bottle Strip Stamps, Form 428, to the assigned officer, will verify the quantity of stamps received, acknowledge receipt on both copies of the Form 428 returned by the District Director, forward one copy to the Assistant Regional Commissioner, and retain one copy in his files.

Certification of test weights and certificates of scale tests. Weights required for the testing of scales or weighing tanks must conform to class "C" requirements of the National Bureau of Standards, but such weights are no longer certified by that Bureau. Accordingly, reference to the National Bureau of Standards as one of the certifying agencies has been deleted from the regulations, and agencies or companies approved by the Assistant Regional Commissioner have been added to the list of certifying agencies. With regard to the testing of a scale by a scale company, a certificate of such test will be furnished, in duplicate, to the proprietor.

Entry tare weights on tax-determination forms. The proprietor of a distilled spirits plant will not be required to insert the entry tare weights on Form 2630, Package Gauge Report, prepared for tax-determination gauge, unless the packages are to be re-gauged by the average tare method.

Requirements for maintaining a bond account. Heretofore a proprietor of bottling premises who has furnished bond on Form 2614 or 2615 in less than the maximum penal sum has been required to maintain a bond account if spirits are withdrawn from bonded premises not on the same plant premises. That requirement has now been extended to all proprietors of bonded and bottling premises who have furnished bond on Form 2613, 2614, or 2615 in less than the maximum penal sum. Also, the instructions for crediting the bond account have been changed to conform to the provisions of Subpart C of Part 170.

Filing of reports. Provision has been made for the filing of reports of bottle strip stamps on Form 2260 quarterly instead of monthly.

Form 2323, Mingling of Distilled Spirits. Form 2323 is being changed from an application to a notice, and the regulations have been amended accordingly, in order to place responsibility for permissible mingling on the proprietor.

Forms. To conform to the changes made in regulations, Forms 236, 428, 2260, and 2323 are being revised, and Form 2634 has been revised. The change in Form 2634 is a minor one relating to the disposition of the copy for Alcohol, Tobacco and Firearms. Your Assistant Regional Commissioner will furnish you with an initial supply of the revised forms as soon as they become available.

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to your Assistant Regional Commissioner, Alcohol, Tobacco and Firearms.



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